

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This decision package requests funding to implement the Health Insurance Portability and Accountability Act (HIPAA) Security Rule. The rule requires the implementation of security best practices to ensure the confidentiality of individually identifiable health information.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060			
001-1 General Fund - Basic Account-State	107,000	92,000	199,000
001-2 General Fund - Basic Account-Federal	33,000	28,000	61,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	41,000	35,000	76,000
001-D General Fund - Basic Account-TANF (DSHS)	20,000	17,000	37,000
001-E General Fund - Basic Account-CCDF (DSHS)	19,000	15,000	34,000
Total Cost	220,000	187,000	407,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 060 FTEs	1.4	1.1	1.3

Package Description:

HIPAA was signed into law August 1996. This reform covers health care fraud and abuse prevention, medical liability reform, and administrative simplifications. Administrative Simplification is being implemented in three rules. This package requests funding to be in compliance with rule three, Security.

The department is currently developing project plans for implementing program area changes to be compliant with the first two rules. The draft Security Rule has been released, with the final version scheduled for release in the fourth quarter of federal Fiscal Year 2002. As currently written, the draft Security Rule suggests that implementing good security practices is required to secure protected health information (health information that is individually identifiable.)

Good security practices are a combination of many things, including consistent implementation and enforcement of agency security policy, keeping software patches current, maintaining anti-virus packages, implementing agency firewalls, intrusion detection, auditing user access to applications and systems, secure authentication (such as hardened passwords), implementation of sanctions, and user training.

While most of these security practices are addressed in the current DSHS IT Security Policy Manual (ITSPM), the final version of the Security Rule may require modification of existing policies and procedures. An increased level of auditing is necessary for network-based systems. This impacts system resources, which may require hardware/software upgrades to accommodate the increased load, and will require more technical staff time to review and investigate logs. There will be hardware and staffing costs to implement an agency firewall service. Ongoing costs are associated with increased staffing to support the increased auditing, and firewall services.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This decision package meets the agency balanced scorecard goal of integrating and coordinating information systems.

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Performance Measure Detail

Goal:

Incremental Changes
FY 1 FY 2

Reason for change:

Implementation of this rule is a federal mandate. Timely implementation is imperative to prevent fines or sanctions from Department of Health and Human Services (DHHS) for non-compliance. This decision package addresses DSHS' need for funding to implement the HIPAA Security Rule.

Impact on clients and services:

The implementation of the HIPAA Security Rule does not directly impact clients or services. Implementing additional security practices and enhancing existing practices will improve confidentiality of client and staff information.

DSHS clients are stakeholders. This rule may give clients more confidence that their health information is being adequately protected. DSHS clients are likely to be supporters of the rule.

Impact on other state programs:

Implementation of the HIPAA Security Rule impacts all DSHS administrations. It also impacts other state agencies such as: Department of Health, Health Care Authority, Department of Corrections, Veterans Affairs, and Department of Labor and Industries.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Implementation of the HIPAA Security Rule requires DSHS to modify existing agency policies and procedures on security.

Alternatives explored by agency:

Implementation of the HIPAA Security Rule is a federal mandate. There are no alternatives available to DSHS except to risk paying fines or penalties for non-compliance.

Budget impacts in future biennia:

Most costs, with the exception of equipment and project salaries and benefits, would continue in future biennia.

Distinction between one-time and ongoing costs:

One-time cost include project salaries and benefits associated with assessing system requirements, system modifications, and implementing system safeguards as well as hardware and software purchases.

Ongoing costs include salaries and benefits associated with oversight, implementation of necessary changes, and changes to policies and procedures and maintenance of an audit log.

Effects of non-funding:

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

If the HIPAA Security Rule is not funded it may require DSHS to divert funding from client services to Security Rule implementation. Failure to implement the HIPAA Security Rule may result in federal fines or penalties.

Expenditure Calculations and Assumptions:

See attachment - AW PL-WK HIPAA Security.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060 Objects			
A Salaries And Wages	92,000	71,000	163,000
B Employee Benefits	17,000	13,000	30,000
C Personal Service Contracts	46,000	46,000	92,000
E Goods And Services	25,000	21,000	46,000
G Travel	6,000	4,000	10,000
J Capital Outlays	10,000	10,000	20,000
T Intra-Agency Reimbursements	24,000	22,000	46,000
Total Objects	220,000	187,000	407,000

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

DSHS Source Code Detail

Program 060		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	81,000	69,000	150,000
GFS2	General Fund State TANF Moe	26,000	23,000	49,000
<i>Total for Fund 001-1</i>		107,000	92,000	199,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
566B	Refugee & Entrant Assist-St Admin'd Prog(D)(100%)	2,000	2,000	4,000
E61L	Food Stamp Program (50%)	31,000	26,000	57,000
<i>Total for Fund 001-2</i>		33,000	28,000	61,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19UL	Title XIX Admin (50%)	41,000	35,000	76,000
<i>Total for Fund 001-C</i>		41,000	35,000	76,000
Fund 001-D, General Fund - Basic Account-TANF (DSHS)				
<u>Sources</u>	<u>Title</u>			
558B	Temp Assist for Needy Families (TANF) (100%)	20,000	17,000	37,000
<i>Total for Fund 001-D</i>		20,000	17,000	37,000
Fund 001-E, General Fund - Basic Account-CCDF (DSHS)				
<u>Sources</u>	<u>Title</u>			
575B	CCDF (Discretionary) (100%)	2,000	1,000	3,000
596A	CCDF Match (FMAP)	17,000	14,000	31,000
<i>Total for Fund 001-E</i>		19,000	15,000	34,000
Total Program 060		220,000	187,000	407,000